



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

July 13, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FIRST AMENDMENT TO LEASE NO. 76324
CHILD SUPPORT SERVICES DEPARTMENT
5701 SOUTH EASTERN AVENUE, COMMERCE
(FIRST DISTRICT) (3 VOTES)**

SUBJECT

This recommendation is for a lease amendment providing a rent reduction by reducing existing office space by 3,111 square feet and 19 parking spaces for the Child Support Services Department.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chair to sign the lease amendment to reduce the leased premises by 3,111 square feet of office space and 19 parking spaces with AP-COMMERCE PLAZA, LLC (Landlord) located at 5701 South Eastern Avenue, Commerce, for the Child Support Services Department's continued use from 61,130 square feet to 58,019 square feet of office space and parking spaces from 309 to 290, at a maximum first year annual rental cost of \$1,587,400, an annual cost savings of \$85,803. The program is 100 percent Federal and State grant funded.

"To Enrich Lives Through Effective And Caring Service"

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Intra-County Correspondence Sent Electronically Only**

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#15 JULY 13, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Child Support Services Department (CSSD) has occupied the facility since 1988. The current seven-year lease was adopted on August 21, 2007, and expires on August 20, 2014. CSSD no longer has a need for 3,111 of the 61,130 square feet under the current lease and the Landlord agreed to a reduction of the leased premises for the remainder of the existing term. The facility currently houses the Call Center, Central Intake, and Interstate Divisions. Over the past two years, the Call Center Unit has been downsized and staffing of other units consolidated, reducing total facility staff from 369 to 317 employees. The proposed amendment will reduce the existing facility from 61,130 to 58,019 square feet, eliminating surplus office space and reducing the department's rental cost while continuing to provide sufficient office space and parking for the continued uninterrupted operation of the programs. The reduction in square footage will not impair existing operations.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services (Goal 1). In this case, the County is supporting the goal by engaging in fiscal sustainability and evaluating the organizational structure to achieve operational efficiencies, including restructuring or consolidating existing County departments, functions or commissions, and partnerships with external agencies.

FISCAL IMPACT/FINANCING

The proposed amendment reduces the leased premises by 3,111 square feet providing a rental reduction and savings of approximately \$85,803 per year, or \$343,212 over the remaining term of the lease. The proposed amendment will provide CSSD 58,019 square feet of office space and 290 onsite parking spaces at a reduced monthly rental cost of \$132,283, or \$1,587,400 annually.

5701 South Eastern Avenue, Commerce	Existing Lease	Proposed First Amendment	Change
Area (rentable square feet)	61,130 sq.ft.	58,019 sq.ft.	-3,111 sq.ft.
Term	Seven years (8/21/07-8/20/2014)	Same	None
Annual Base Rent	\$1,673,203 (\$27.36/sq.ft.)	\$1,587,400 (\$27.36/sq.ft.)	-\$85,803
Rental Adjustment	3 percent fixed annually	3 percent fixed annually	None
Parking (included)	309	290	-19

This is a full-service lease whereby the Landlord is responsible for all operating costs associated with the County's occupancy.

Sufficient funding for the proposed lease costs is included in the 2010-11 Rent Expense budget and will be billed back to CSSD. CSSD has sufficient funding in its 2010-11 operating budget to cover the projected lease costs. Costs associated with the proposed amendment will be 100 percent Federal and State grant funded.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment for the remainder of the existing lease term will reduce the premises from 61,130 to 58,019 square feet of office space, reduce parking spaces from 309 to 290 and reduce annual rent from \$1,673,203 to \$1,587,400. All other existing lease terms and conditions are unchanged and will remain in full force and effect.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will adequately provide the necessary office space for this County requirement. CSSD concurs with the proposed lease amendment.

The Honorable Board of Supervisors
July 13, 2010
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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return four originals of the executed lease amendment, two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SK:WLD
CEM:FC:hd

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Child Support Services

5701So Eastern.b

**COMMERCE PLAZA
FIRST AMENDMENT TO LEASE NO. 76324**

This FIRST AMENDMENT TO LEASE (this "Amendment"), dated as of July 13, 2010, is by and between **AP-COMMERCE PLAZA LLC, a Delaware limited liability company ("Landlord")**, and **COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant")**. Landlord and Tenant are parties to that certain Lease Agreement dated August 21, 2007 (the "Lease"), whereby Tenant leases from Landlord 61,130 rentable square feet of office space located at 5701 S. Eastern Avenue, Suites 120, 200, 202, 208, 230, 400 & 500, Commerce, California (the "Original Premises"). Now, therefore, Landlord and Tenant hereby express their mutual desire and intent to reduce the size of the leased premises, and to otherwise amend the Lease, as follows.

1. **DEFINED TERMS.** All defined terms used in this Amendment shall have the same meaning as when used in the Lease, except as otherwise noted herein to the contrary.

2. **CONTRACTION OF THE PREMISES.** Effective as of the "Contraction Date" (as defined below), and subject to the satisfaction of all of the conditions stated in Paragraph 3 below, Tenant shall surrender to Landlord Suite 120 of the Original Premises (the "**Contraction Space**"). The Contraction Space is agreed by the parties to contain 3,111 rentable square feet of space. Following Tenant's surrender of the Contraction Space, the Premises leased to Tenant pursuant to the Lease (as amended by this Amendment) is agreed by the parties to contain **58,019** rentable square feet of space. The reduction of the amount of rentable square feet of the Premises shall not, however, release Tenant from any obligations under the Lease which arise or accrue on or before the Contraction Date, all of which shall remain enforceable against Tenant. As used herein, the term "**Contraction Date**" shall mean the first day of the month following the date of adoption of this Amendment by the County Board of Supervisors. For purposes of illustration only, if on May 14, 2010 the Board adopts this Amendment, then the Contraction Date shall be June 1, 2010.

3. **CONTINGENCIES TO THE CONTRACTION DATE.** Landlord's agreement to accept Tenant's surrender of the Contraction Space shall be contingent upon the following: (i) Tenant shall have vacated and surrendered the Contraction Space to Landlord on or before the Contraction Date, and (ii) the Contraction Space shall have been surrendered to Landlord in the condition required under the Lease (as to the surrender of the Premises upon the expiration or earlier termination of the Lease). If Tenant vacates and surrenders the Contraction Space by the Contraction Date but fails to remove any of its personal property or equipment therefrom by such date, then any alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises.

4. **BASE RENT SCHEDULE.** Effective upon the Contraction Date, Basic Rent shall be due in accordance with the following schedule:

<u>Effective Dates</u>	<u>Rate/Square Foot</u>	<u>Monthly</u>
Contraction Date to July 31, 2010	\$2.28	\$132,283.32
August 1, 2010 to July 31, 2011	\$2.35	\$136,344.65
August 1, 2011 to July 31, 2012	\$2.42	\$140,405.98
August 1, 2012 to July 31, 2013	\$2.49	\$144,467.31
August 1, 2013 to July 31, 2014	\$2.57	\$149,108.83
August 1, 2014 to August 20, 2014	\$2.57	\$99,405.89

5. **PARKING SPACES.** Effective as of the Contraction Date, the number of non-reserved parking spaces in the parking areas of the Project that Tenant shall be entitled to use shall be reduced to **290** total spaces.

6. **MISCELLANEOUS PROVISIONS.**

a. **Entire Agreement; Inconsistencies.** This Amendment represents the entire agreement among the parties with respect to the matters contained in this Amendment and supersedes any prior negotiations, representations, or agreements, whether written or oral, with respect to the Amendment. Nothing in this Amendment shall be deemed to waive or modify any of the provisions of the Lease, except as expressly stated herein. This Amendment may be amended, modified, or altered only by written instrument, signed by Landlord and Tenant. If there are any inconsistencies between this Amendment and the Lease with respect to the provisions of this Amendment, the provisions of the Amendment shall prevail.

76324

b. Submission of Agreement. The submission of this Amendment to Tenant, Tenant's agent or attorney for review or signature does not constitute an offer to Tenant. This Amendment shall have no binding force or effect until its execution and delivery by both Landlord and Tenant.

c. No Brokers. Tenant hereby acknowledges and agrees that Landlord shall not be responsible for the payment of any commission, fee or other compensation claimed by any real estate broker, agent or other representative of Tenant in connection with this Amendment. Tenant further agrees to indemnify and hold Landlord harmless from any cost, expense or liability (including reasonable legal fees) for any compensation or commission claimed by any real estate broker, agent or other representative in connection with this Amendment or its negotiation by reason of any act of Tenant.

d. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

AP-COMMERCE PLAZA LLC, a
Delaware limited liability company

By: Abbey Properties II LLC, a
California limited liability company

Its: Manager

By: _____

Name: Thomas D. Clarke

Its: Vice President & COO

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____

Name: GLORIA MOLINA

Chairman, Board of Supervisors

ATTEST:

Sachi A. Hamai,
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:
Andrea Sheridan Ordin
County Counsel

By: _____
Amy M. Cayes
Senior Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By: _____
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

15 JUL 13 2010

Sachi A. Hamai
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EXECUTIVE OFFICER

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